



Australian Bureau of Statistics

1351.0.55.004 - Research Paper: Estimating Industry-Level Multifactor Productivity for the Market-Sector Industries in Australia, 2005

Latest ISSUE Released at 11:30 AM (CANBERRA TIME) 14/07/2005

Summary

About this Release

ABOUT THIS RELEASE

To meet users demand, the Australian Bureau of Statistics (ABS) has embarked on a project of estimating industry-level multifactor productivity (MFP). This paper discusses the methodological choices, data construction and measurement issues involved in the estimation. We present the experimental estimates of MFP based on both gross output and value added for the 12 market-sector industries in Australia. Several related issues, which are important for the assessment and interpretation of the industry-level MFP estimates, are also discussed. They include the open versus closed economy MFP measures; the difference between the aggregate and industry-level approaches to the estimation of aggregate MFP; and the assumption underlying the Domar aggregation formula. We show that the Domar aggregation formula in its original form can be derived without using the restrictive assumption of equal prices for primary inputs across industries.

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